

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 USIE-00 INRE-00 NSCE-00
DEAE-00 CIAE-00 INR-07 IO-13 JUSE-00 NSAE-00
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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 1957

LIMITED OFFICIAL USE NEW DELHI 3860

C O R R E C T E D C O P Y P A R 1

E.O. 11652: N/A

TAGS: SNAR, IN

SUBJECT: INDIAN OPIUM EXPORTS TO THE U.S.

REF: STATE 059825

1. BEGIN UNCLASSIFIED INDIAN PRODUCTION AND EXPORT OF OPIUM HAVE BEEN GUIDED BY TWO BASIC POLICIES: MAXIMIZING PRODUCTION WITHIN THE LIMITS IMPOSED BY EFFECTIVE CONTROL MECHANISM, AND ALLOCATING OPIUM AVAILABLE FOR EXPORT TO FOREIGN BUYERS ON THE BASIS OF TRADITIONAL MARKET SHARES. NET RESULT OF THESE TWO POLICIES HAS BEEN GRADUAL INCREASE IN AMOUNT OF OPIUM AVAILABLE FOR PURCHASE BY U.S. COMPANIES.

2. IN PURSUIT OF INCREASED PRODUCTION, GOI HAS FOLLOWED THREE TACTICS. FIRST, GOVERNMENT HOPED TO INCREASE POPPY ACREAGE BY ABOUT FIVE PERCENT THIS CROP YEAR. THIS FOLLOWED INCREASE OF MORE THAN 20 PERCENT IN 1976 OVER 1975. SECOND, GOVT HAS RAISED THE PURCHASE PRICE OF OPIUM AS AN INCENTIVE TO FARMERS IN THE CONTROLLED AREA TO PLANT OPIUM RATHER THAN COMPETITOR CROP. THIRD, GOI HAS AN ACTIVE RESEARCH PROGRAM TO INCREASE THE MORPHINE
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YIELD OF OPIUM GUM, AS WELL AS OTHER PROGRAM ASPECTS AIMED AT IMPROVING YIELD PER ACRE.

3. THESE POLICIES HAVE BEEN ADOPTED LARGELY IN RESPONSE TO PRESSURE FROM CONSUMING COUNTRIES, PARTICULARLY THE UNITED STATES.

4. BECAUSE OF BAD WEATHER IN OPIUM GROWING AREAS AND PEST

PROBLEMS, OPIUM PRODUCTION LAST YEAR WAS UP ONLY 10 PERCENT.
THUS U.S. ALLOCATION UNDER TRADITIONAL SHARE POLICY ROSE FROM 195
TONS IN 1975 TO ABOUT 215 TONS. WE DO NOT YET HAVE A READING
ON OPIUM CROP ESTIMATE FOR THIS YEAR, BUT HAVE NO REASON TO DOUBT
THAT U.S. BUYERS WILL BE ALLOCATED THEIR TRADITIONAL SHARE OF ANY
INCREASE IN PRODUCTION AVAILABLE FOR EXPORT. END UNCLASSIFIED

5. BEGIN LIMITED OFFICIAL USE. IN RESPONSE TO A DIRECT
APPEAL LAST MARCH, GOI ALLOCATED AN "ADDITIONAL" 54 TONS TO THE
UNITED STATES FROM 1976 CROP. THIS FIGURE INCLUDED AN UNKNOWN
AMOUNT UNDER AN OPIUM/CODEINE EXCHANGE WITH MALLINCKRODT AND
PROBABLY ALSO INCLUDED THE 20 TONS WHICH REPRESENTED THE U.S.
TRADITIONAL SHARE IN TOTAL INCREASED PRODUCTION LAST YEAR.
WHATEVER THE DETAILS BEHIND THE FIGURE, THE GOI EXTENDED ITSELF
TO RESPOND TO A REAL U.S. NEED.

6. EMBOFF WILL BE MEETING WITH OFFICIAL OF MINISTRY OF FINANCE
RESPONSIBLE FOR NARCOTICS AFFAIRS MARCH 21 AND WILL ATTEMPT
TO OBTAIN PRECISE DETAILS ON 1976 U.S. ALLOCATION, 1976
SHIPMENTS (WHICH WE EXPECT ARE PROBABLY NOT YET AVAILABLE), 1977
ACTUAL ACRES PLANTED, AND OUTLOOK FOR 1977 CROP
SCHNEIDER

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Message Attributes

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Sent Date: 18-Mar-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
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